

**Financial Statements**

**JASPER TOWNSHIP  
Midland County, Michigan**

**March 31, 2004**



# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

**RECEIVED**  
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OCT - 4 2004

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>JASPER TOWNSHIP</b>		LOCAL AUDIT & FINANCE DIV	
Audit Date <b>3/31/04</b>		Opinion Date <b>9/22/04</b>		Date Accountant Report Submitted to State: <b>9/29/04</b>	
				County <b>MIDLAND</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) <b>ROSLUND, PRESTAGE AND COMPANY, PC</b>			
Street Address <b>308 GRATIOT AVENUE</b>		City <b>ALMA</b>	State <b>MI</b>
Accountant Signature <i>Richard Prestage &amp; Company P.C.</i>		ZIP <b>48801</b>	Date <b>9/29/04</b>

Jasper Township  
Financial Statements  
March 31, 2004

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Jasper Township  
Board Of Trustees  
March 31, 2004

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Daniel Sagle	Supervisor
Jean Shauger	Clerk
Carol Aldrich	Treasurer
Ted Roe	Trustee
Robert Hall	Trustee

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Jasper Township  
Midland County, Michigan

We have audited the accompanying general-purpose financial statements of Jasper Township, Midland County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of Jasper Township management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Jasper Township, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 22, 2004 on our consideration of Jasper Township's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Jasper Township, Midland County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Roslund, Prestage & Company, P.C.*  
ROSLUND, PRESTAGE & COMPANY, P.C.  
Certified Public Accountants

September 22, 2004

Jasper Township  
Combined Balance Sheet - All Fund Types And Account Groups  
March 31, 2004

	Governmental Fund Types		Account Group	Total (Memorandum Only)
	General	Special Revenue	General Fixed Assets	
<b>ASSETS</b>				
Cash And Investments	\$586,639	\$19,592	-	\$606,231
Property Taxes Receivable	6,949	3,839	-	10,788
General Fixed Assets	-	-	\$99,485	99,485
<b>Total Assets</b>	<b>\$593,588</b>	<b>\$23,431</b>	<b>\$99,485</b>	<b>\$716,504</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	\$1,948	-	-	\$1,948
<b>Total Liabilities</b>	<b>1,948</b>	<b>-</b>	<b>-</b>	<b>1,948</b>
<b>Other Credits</b>				
Investment In General Fixed Assets	-	-	\$99,485	99,485
<b>Fund Equity</b>				
Fund Balance - Unreserved	591,640	\$23,431	-	615,071
<b>Total Fund Equity</b>	<b>591,640</b>	<b>23,431</b>	<b>-</b>	<b>615,071</b>
<b>Total Liabilities, Fund Equity And Other Credits</b>	<b>\$593,588</b>	<b>\$23,431</b>	<b>\$99,485</b>	<b>\$716,504</b>

See Accompanying Notes To Financial Statements

Jasper Township  
Combined Statement Of Revenues, Expenditures, And Changes In Fund Balance -  
All Governmental Fund Types  
Year Ended March 31, 2004

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Revenues			
Taxes and Penalties			
State Grants	\$34,214	\$22,809	\$57,023
Charges For Services	84,369	-	84,369
Interest and Rentals	2,065	1,250	3,315
Other Revenues	4,685	-	4,685
	<u>2,152</u>	<u>7</u>	<u>2,159</u>
Total Revenues	<u>127,485</u>	<u>24,066</u>	<u>151,551</u>
Expenditures			
Legislative			
General Government	14,932	-	14,932
Community and Economic Development	51,766	-	51,766
Public Safety	3,503	-	3,503
Public Works	-	42,591	42,591
Other	21,772	-	21,772
Capital Outlay	2,799	-	2,799
	<u>2,811</u>	<u>-</u>	<u>2,811</u>
Total Expenditures	<u>97,583</u>	<u>42,591</u>	<u>140,174</u>
Excess Of Revenues Over (Under) Expenditures	29,902	(18,525)	11,377
Other Financing Sources (Uses)			
Transfers In			
Transfers Out	-	21,000	21,000
	<u>(21,000)</u>	<u>-</u>	<u>(21,000)</u>
Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses	8,902	2,475	11,377
Fund Balance - April 1, 2003	<u>582,738</u>	<u>20,956</u>	<u>603,694</u>
Fund Balance - March 31, 2004	<u>\$591,640</u>	<u>\$23,431</u>	<u>\$615,071</u>

See Accompanying Notes To Financial Statements



Jasper Township  
Combined Statement Of Revenues, Expenditures, And Changes In Fund Balance -  
Budget And Actual - All Governmental Fund Types  
Year Ended March 31, 2004

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Taxes And Penalties	\$36,105	\$34,214	(\$1,891)	\$20,500	\$22,809	\$2,309
State Grants	92,497	84,369	(8,128)	-	-	-
Charges For Services	645	2,065	1,420	5,000	1,250	(3,750)
Interest And Rentals	14,440	4,685	(9,755)	-	-	-
Other Revenues	255	2,152	1,897	-	7	7
Total Revenues	143,942	127,485	(16,457)	25,500	24,066	(1,434)
Expenditures						
Legislative	18,016	14,932	3,084	-	-	-
General Government	63,486	51,766	11,720	-	-	-
Community and Economic Development	4,940	3,503	1,437	-	-	-
Public Safety	-	-	-	53,740	42,591	11,149
Public Works	48,600	21,772	26,828	-	-	-
Other	-	2,799	(2,799)	-	-	-
Capital Outlay	-	2,811	(2,811)	-	-	-
Total Expenditures	135,042	97,583	37,459	53,740	42,591	11,149
Excess Of Revenues Over (Under) Expenditures	8,900	29,902	21,002	(28,240)	(18,525)	9,715
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	21,000	21,000
Transfers Out	-	(21,000)	(21,000)	-	-	-
Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses	8,900	8,902	2	(28,240)	2,475	30,715
Fund Balance - April 1, 2003	582,738	582,738	-	20,956	20,956	-
Fund Balance - March 31, 2004	<u>\$591,638</u>	<u>\$591,640</u>	<u>\$2</u>	<u>(\$7,284)</u>	<u>\$23,431</u>	<u>\$30,715</u>

See Accompanying Notes To Financial Statements

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

Jasper Township was organized within Midland County and covers an area of approximately 36 square miles. The Township operates under an elected board of trustees (5 members) and provides services to its more than 1,000 residents in many areas including road maintenance and fire protection.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" these financial statements of Jasper Township contain all of the funds and account groups that are controlled by or dependent on the Township's executive or legislative branches. Control by or dependence on the Township was determined on the basis of appointment of governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligations of the Township to finance any deficits that may occur, receipts of significant subsidies from the Township, disposition of surplus funds, scope of public services, and whether the financial statements would be misleading if data were not included.

### **Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the Township are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Township has the following fund types:

#### **GOVERNMENTAL FUNDS**

Governmental funds are used to account for the Township's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Jasper Township  
Notes To Financial Statements  
March 31, 2004

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The Township considers all revenues available if they are collected within 60 days after year-end. Property tax revenue is recognized in accordance with the Michigan Committee on Governmental Accounting and Auditing Statement No. 3, "Revenue Recognition of Property Taxes".

Expenditures are recorded when the related fund liability is incurred except expenditures are not normally divided between years by the recording of prepaid expenses, and payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.

Property taxes, interest, licenses, and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Township and are recognized as revenue at that time.

Entitlement and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds of the Township include the following fund types:

**General Fund** - The general fund is the primary operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) which are to be expended for specific purposes as directed by legal, regulatory, or administrative requirements. The Township has one special revenue fund, the Fire Fund.

#### FIDUCIARY FUNDS

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of individuals, private organizations, other governments, or other funds. Fiduciary funds of the Township include the following fund types:

**Agency Funds** - Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations. The Township has one agency fund, the Current Tax Collection Fund.

#### **Deposits and Investments**

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Jasper Township  
Notes To Financial Statements  
March 31, 2004

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**Receivables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables." All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

**Fixed Assets**

Fixed assets used in the general operations of the Township are recorded as expenditures when purchased and are accounted for in the general fixed asset account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. No depreciation has been provided on general fixed assets. Infrastructure assets, including roads, bridges, sewers, drains, curbs, and gutters are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's lives are not included in the general fixed asset account group.

**Memorandum Only – Total Columns**

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Combining Statements**

The Township has only one fiduciary fund, the Current Tax Collection Fund. Accordingly, no combining financial statements are necessary for that fund type.

The Township has only one special revenue fund, the Fire Fund. Accordingly, no combining financial statements are necessary for that fund type.

**Budgets And Budgetary Accounting**

Budgets are adopted by the Township for the general fund and special revenue funds. The budget is adopted and prepared on the modified accrual basis of accounting. The budget is adopted at the function level. The budgeted revenues and expenditures for governmental fund types, as presented in this report, include any authorized amendments to the original budget as adopted.

Jasper Township  
Notes To Financial Statements  
March 31, 2004

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### **Property Taxes**

Taxes are levied each December 1<sup>st</sup> based on the state equalized valuation of the property located in the Township as of the preceding December 31<sup>st</sup>. The Township bills and collects its own property taxes. Collection of taxes and remittance of them to various entities are accounted for in the Township's agency fund. Township property tax revenues are recognized when levied to the extent that they result in current receivables. These taxes are due in September (summer) and February (winter) with a final collection date of February 28<sup>th</sup>. The County purchases any uncollected real property taxes returned delinquent.

The 2003 state taxable value for the Township amounted to \$ 25,052,354, which ad valorem taxes levied for Township operations consisted of 1.3657 mills or \$34,214 for general operations, and .9105 mills or \$22,809 for fire services.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis.

The approved budgets of the Township for these budgetary funds were adopted to the function level. During the year ended March 31, 2004, the Township incurred expenditures in excess of the amounts appropriated as shown on page 3 of this report.

Jasper Township  
Notes To Financial Statements  
March 31, 2004

**NOTE 3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**Deposits And Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50% of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits and investments are in accordance with statutory authority.

The bank balance, carrying amount, and market value of the Township's cash and cash equivalents are shown in the table below. Of the bank balance, \$400,000 was covered by federal depository insurance (FDIC) and \$210,044 was uninsured and uncollateralized. Deposits that exceed FDIC insurance coverage limits are held at local banks.

Type	Bank Balance	Carrying Amounts	Market Value
Checking Accounts	\$210,044	\$206,231	\$206,231
Certificates Of Deposits	400,000	400,000	400,000
Total	\$610,044	\$606,231	\$606,231

**Summary Of Changes In General Fixed Assets**

Description	Balance 4/1/03	Additions	Disposals	Balance 3/31/04
Land & Improvements	\$11,524			\$11,524
Buildings	55,798			55,798
Equipment	29,352	\$2,811		32,163
Total	\$96,674	\$2,811		\$99,485

### **Building Inspection Department Fund**

Public Act 245 of 1999 was signed on December 28, 1999 and took immediate effect. This act amends the State Construction Code Act (Public Act 230 of 1972) and requires, among other things, the establishment of a special revenue fund to account for the revenues and expenditures associated with issuing building permits, examining plans and specifications, inspecting construction before issuing permits, and issuing certificates of use and occupancy.

The Township has not established this fund because the fee structure is not intended to recover the full cost and the Township has the ability to track the full cost and revenues of this activity without creating a separate fund.

### **Risk Management**

The Township is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

### **Fire Protection Services**

Jasper Township entered into an agreement with the City Of St. Louis and the Townships of Bethany and Pine River for the purpose of providing fire protection services to the residents of the City and Townships. The name of this organization is the Mid-Michigan Community Fire Control Board. Each member of this Board is responsible for their respective share of the total annual approved budget of the Fire Board. Each member's share of the cost is determined annually and is based on their pro rata share of fire runs over the previous four years. All administration and accounting is provided by the City of St. Louis. A separate audit of the Board is performed each year and available from the City of St. Louis.

Jasper Township  
General Fund  
Statement Of Expenditures  
Year Ended March 31, 2004

Legislative	
Township Board	
Salaries And Wages	
Professional Fees	\$2,413
Insurances	1,228
Supplies	4,376
Education And Training	1,637
Printing And Publishing	873
Dues And Subscriptions	1,278
Refunds And Other	1,324
	<u>1,803</u>
Total Legislative	<u>14,932</u>
General Government	
Supervisor	
Salaries And Wages	
Education And Training	8,720
Transportation	910
Total Supervisor	<u>4</u>
	<u>9,634</u>
Assessor	
Salaries And Wages	
Land Division Expense	7,392
Education	444
Supplies	
Transportation	1,308
Total Assessor	<u>224</u>
	<u>9,368</u>
Clerk	
Salaries And Wages - Clerk	
Salaries And Wages - Deputy Clerk	8,720
Education	988
Supplies	1,844
Transportation	48
Total Clerk	<u>388</u>
	<u>11,988</u>
Treasurer	
Salaries And Wages - Treasurer	
Salaries And Wages - Deputy Treasurer	10,773
Supplies	988
Transportation	496
Education	246
Printing And Publishing	1,107
Total Treasurer	<u>787</u>
	<u>14,397</u>

See Accompanying Notes To Financial Statements



Jasper Township  
General Fund  
Statement Of Expenditures (Continued)  
Year Ended March 31, 2004

Board Of Review	
Salaries And Wages	
Miscellaneous	\$635
Total Board Of Review	<u>120</u>
	<u>755</u>
Building And Grounds	
Repairs And Maintenance	
Electricity	531
Gas	819
Telephone	1,200
Cleaning	578
Supplies	330
Total Building And Grounds	<u>204</u>
	<u>3,662</u>
Cemetery	
Contracted Services	
Repairs And Maintenance	1,200
Total Cemetery	<u>762</u>
	<u>1,962</u>
Total General Government	<u>51,766</u>
Community and Economic Development	
Zoning Board	
Salaries And Wages	
	<u>2,600</u>
Planning Commission	
Salaries And Wages	
Printing And Publishing	750
Education	108
Total Zoning Board	<u>45</u>
	<u>903</u>
Total Community and Economic Development	<u>3,503</u>
Public Works	
Drains At Large	
Contracted Services	
	<u>663</u>

See Accompanying Notes To Financial Statements

Jasper Township  
General Fund  
Statement Of Expenditures (Continued)  
Year Ended March 31, 2004

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Waste Collection And Disposal Contracted Services	<u>\$14,569</u>
Highways, Streets And Bridges Contracted Services	<u>6,540</u>
Total Public Works	<u>21,772</u>
Other Payroll Taxes	<u>2,799</u>
Capital Outlay	<u>2,811</u>
Total Expenditures	<u><u>\$97,583</u></u>

See Accompanying Notes To Financial Statements

Jasper Township  
Tax Collection Agency Fund  
Statement Of Changes In  
Assets And Liabilities  
Year Ended March 31, 2004

	Balance 4/1/2003	Increases	Decreases	Balance 3/31/2004
<b>ASSETS</b>				
Cash	\$35,612	\$726,091	\$761,704	-
Total Assets	<u>\$35,612</u>	<u>\$726,091</u>	<u>\$761,704</u>	<u>-</u>
<b>LIABILITIES</b>				
Due To General Fund	\$35,612	\$40,227	\$75,839	-
Due To Fire Fund	-	18,970	18,970	-
Due To County	-	370,193	370,193	-
Due To Schools	-	296,638	296,638	-
Total Liabilities	<u>\$35,612</u>	<u>\$726,028</u>	<u>\$761,640</u>	<u>-</u>

See Accompanying Notes To Financial Statements



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To The Board Of Trustees  
Jasper Township  
Midland County, Michigan

We have audited the general-purpose financial statements of Jasper Township as of and for the year ended March 31, 2004, and have issued our report thereon dated September 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Jasper Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Jasper Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Jasper Township in a separate letter dated September 22, 2004.

This report is intended for the information of management and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Roslund, Prestage & Company, P.C.*

Roslund, Prestage & Company, P.C.  
Certified Public Accountants

September 22, 2004



## MANAGEMENT LETTER

To The Board Of Trustees  
Jasper Township  
Midland County, Michigan

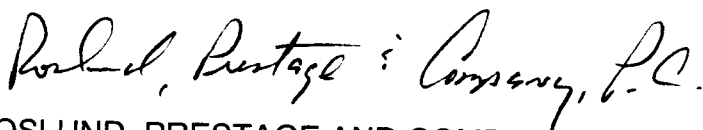
In planning and performing our audit of the financial statements for Jasper Township for the fiscal year ended March 31, 2004, we considered the internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

This letter does not affect our audit report dated September 22, 2004 on the financial statements of Jasper Township.

We will review the status of these comments during our next audit engagement. We have discussed these comments and suggestions with management, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



ROSLUND, PRESTAGE AND COMPANY, P.C.  
Certified Public Accountants

September 22, 2004

## Jasper Township

### COUNCIL OVERSIGHT

The size of the Township's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. Therefore, we recommend that the members of the Board of Trustees maintain a level of involvement in the financial affairs of the organization to provide appropriate oversight and independent review functions.

### FIRE FUND ACTIVITY

The Fire Fund activity is currently posted to the same general ledger system as the General Fund, resulting in the commingling of the activity for two separate and distinct services. We recommend that the Fire Fund activity and the General Fund activity be recorded in two separate funds.

### CERTIFICATES OF DEPOSIT

The Certificates of Deposit were not included in the general ledger of the General Fund. We recommend that all assets (and liabilities) be included in the general ledger at all times.

### BUDGET

The budget for the year ended March 31, 2004 did not include a budgeted expenditure for the transfer out of the General Fund to the Fire Fund. We recommend that future budgets include a line item for transfers out, as needed.

### BANK RECONCILIATIONS

During our audit we found that although the general fund checking account balance was reconciled to the bank, it was not reconciled to the general ledger. Therefore, we recommend that management take the necessary steps to make sure that the general ledger balance and the reconciled checking account balance agree each month before processing the next month's activity. This step should also be confirmed during the independent review of the bank statements and reconciliations as recommend in previous management letters.

### CERTIFICATES OF DEPOSIT

During our review of the investments we found that all but one of the seven certificates of deposit contained an "automatic renewal" provision. The one certificate that did not contain this provision indicated a maturity date prior to March 31, 2004. Although the bank confirmed the existence of this certificate, we still recommend that the Township maintain a current, original copy of all certificates that do not have an automatic renewal provision.